

Message Text

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PAGE 01 JIDDA 00952 051246Z

ACTION NEA-10

INFO OCT-01 ISO-00 XMB-04 EB-08 TRSE-00 COME-00 L-03 FRB-01

AID-05 IGA-02 /034 W

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 7150

UNCLAS JIDDA 0952

E.O. 11652: N/A

TAGS: EFIN, SA

SUBJECT: LEBANON - BANK GUARANTEE CLAIM NO. BG-9406/OG-200-40;
FCIA CLAIM NO. MP-195/MT-10212

REFS: A) STATE 009973, B) JIDDA 0707, C) STATE 20648

1. EMBOFF MET FEB. 2 WITH MR. VICTOR KANO OF UNITED
ENGINEERING CO. (UNECO), P.O. BOX 4294, BEIRUT (TELS:
280001, 280002, 324130) RE PROBLEM RAISED REF A. KANO
CAME TO EMBASSY AT HIS OWN INITIATIVE.

2. KANO MADE FOLLOWING POINTS:

A) HAJI ABDULLAH ALIREZA CO., JIDDA, HAS NOTHING
WHATSOEVER TO DO WITH ISSUE OF KANO'S OVERDUE PROMISORY
NOTES OUTSTANDING WITH BANK OF AMERICA INTERNATIONAL
OF CHICAGO. KANO'S ALIREZA ADDRESS HAS SOMETIMES
BEEN USED ONLY AS SECURE MAILDROP, CONSIDERING BEIRUT
SITUATION IN PAST MONTHS, SINCE KANO VISITS JIDDA
FREQUENTLY FOR WORK WITH ALIREZA DESCRIBED JIDDA REFTEL.
KANO IS CONCERNED THAT DRAWING ALIREZA INTO THIS ISSUE
WILL ONLY HARM HIS GOOD BUSINESS RELATIONSHIP IN JIDDA
AND IT IS ONLY THROUGH SUCH WORK SECURED OUTSIDE LEBANON
THAT KANO WILL BE ABLE REPAY OUTSTANDING OVERDUE NOTES.

B) IN MID JANUARY, ABOUT SAME TIME AS REF A WAS
TRANSMITTED, KANO MET WITH BANK OF AMERICA, BEIRUT,
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RESIDENT VICE-PRESIDENT, RAMOND ADIB TO RENEW KANO'S
PREVIOUS 1976 REQUEST FOR RENEWAL OF PROMISORY NOTES
WITH B OF A. NO ANSWER HAS BEEN RECEIVED FROM CHICAGO
TO LATEST REQUEST.

C) IN EARLY 1976, KANO HAD ALSO ASKED B OF A TO RENEW
OUTSTANDING PROMISORY NOTES. BANK HAD ASKED FOR
ADDITIONAL FINANCIAL DOCUMENTATION FROM KANO BUT

BEFORE IT COULD BE GATHERED TOGETHER AND FORWARDED TO B OF A, CIVIL DISTURBANCES BROKE OUT AGAIN IN BEIRUT AND PREVENTED, UNTIL RECENTLY, RENEWAL OF KANO BUSINESS ACTIVITY IN LEBANON. SITUATION IN LEBANON HAS IMPROVED, ACCORDING TO KANO, AND HIS CUSTOMERS ARE BEGINNING PAY OUTSTANDING BILLS, UNDERTAKE NEW WORK AND PLACE NEW ORDERS.

D) KANO INSISTS THAT HE HAS HAD CLOSE RELATIONSHIP WITH B OF A BEIRUT AND WITH TRANE CO. FOR TWO DECADES. HE HAS MADE POINT WITH B OF A THAT RECENT WAR SITUATION IN BEIRUT SHOULD BE TAKEN INTO CONSIDERATION BEFORE B OF A DEMANDS PAYMENT EITHER FROM KANO OR THROUGH CALIMS UPON EXIMBANK OR FCIA. KANO INSISTS THAT HE HAS MET ALL BUSINESS OBLIGATIONS IN PAST AND WILL MEET FUTURE OBLIGATIONS.

E) FURTHER COMMUNICATION SHOULD BE DIRECTED TO UNECO IN BEIRUT (KANO REPORTS THAT ALL MAIL SERVICE HAS RESUMED THERE) OR THROUGH B OF A REP, BEIRUT.

F) KANO INTENDS VISIT U.S. PERHAPS LAST WEEK OF FEBRUARY TO MEET WITH BANK OF AMERICA TO REQUEST RENEWAL OF PROMISORY NOTES AND IF NECESSARY, CONTACT EXIM (GEORGE HENDERSON, CLAIMS DIVISION) AND FCIA (JOHN JANUSZEWSKI) TO ANSWER ANY QUESTIONS THEY MAY HAVE.

3. KANO SHOWED EMBOFF LETTER DATED DECEMBER 20 FROM B OF A, CHICAGO, CLINT ARNOLDUS, WHICH REQUESTS PAYMENT OF OVERDUE NOTES AND STATES THAT CLAIMS HAVE BEEN FILED WITH EXIM AND FCIA. KANO ONLY RECEIVED UNCLASSIFIED

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THIS LETTER RECENTLY, SINCE IT WAS ADDRESSED C/O ALIREZA, JIDDA. IN INTERIM, HE MET WITH B OF A, BEIRUT, AS NOTED ABOVE.

4. CONCERNING REF A, PARA 6, KANO STATES HE DOES NOT UNDERSTAND TRANE'S INTERNAL ACCOUNTING MECHANISM; HE ONLY KNOWS THAT UNECO PAID TRANE VARIOUS SUMS FOR GOODS RECEIVED AND THAT CREDIT FOR PAYMENT SHOULD BE GIVEN TO ACCOUNT UNDER UNECO NAME, NOT THAT OF ALIREZA. THERE IS NO "COMMISSIONS ACCOUNT" MAINTAINED BY ALIREZA OR BY UNECO FOR WORK PERFORMED IN JIDDA, ACCORDING TO KANO. IN THIS VIEW, TRANE CAN APPLY THE FUNDS UNECO PAID TO WHATEVER INTERNAL ACCOUNT TRANE WISHES.

5. EMBASSY COMMENT: EMBASSY HAS NO BACKGROUND INFORMATION ON MR.KANO OR UNECO OTHER THAN STATED JIDDA REFTEL, AND IS UNABLE TO JUDGE FACTS PRESENTED BY MR. KANO. KANO IS LOW-KEY, PERSONABLE AND APPEARED

CONCERNED AT THREAT TO HIS BUSINESS REPUTATION POSED
BY THIS ISSUE. HE WAS PARTICULARLY CONCERNED THAT
USG HAS BECOME INVOLVED BEFORE, AS KANO SEES IT, HE
AND UNECO HAVE HAD CHANCE FOR FULL HEARING FROM
B OF A. IT IS POSSIBLE THAT B OF A CLAIMS FILED WITH
EXIM AND FCIA WERE PREMATURE.
IF UNECO AND B OF A HAVE IN FACT REESTABLISHED
COMMUNICATIONS AND CAN REACH COMMON ACCORD, BELIEVE
THERE WILL BE NO NEED FOR EXIM/FCIA PAYMENT OF CLAIMS
NOR FURTHER EMBASSY JIDDA INVOLVEMENT.
PORTER

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Decaption Note:
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